

Message Text

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ACTION EB-08

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UNCLAS NEW DELHI 10438

GENEVA FOR PHELAN

E.O. 11652: N/A
TAGS: EPAP ETRD IN UN
SUBJECT: MODIFICATION OF US-INDIA TEXTILE AGREEMENT

REF: STATE 168568

1. ECONOMIC TIMES OF JULY 6 CARRIES FRONT PAGE ARTICLE CONCERNING US PROPOSAL TO MODIFY BILATERAL TEXTILE AGREEMENT. THE ARTICLE HAS THE RING OF AN AUTHORITATIVE BACKGROUNDER. IT EMPHASIZES THE ISSUE OF TREATMENT OF HANDLOOMS, DWELLS ON ALLEGED CONTRAST BETWEEN US PROPOSAL AND PRIME MINISTER DESAI'S TALKS IN WASHINGTON, AND CONCLUDES THAT "IT IS HIGHLY UNLIKELY" THAT PROPOSAL WILL BE ACCEPTED.

2. ARTICLE OPENS "THE US HAS OFFERED TO REVIEW THE TEXTILE AGREEMENT PROVIDED INDIA SURRENDERS THE QUOTA FREE STATUS PRESENTLY ENJOYED BY THE HANDLOOMS AND MADE-UPS."

3. AFTER DETAILING PROPOSAL, ARTICLE CONTINUES "THE US PROPOSAL APPEARS STRANGE AGAINST THE BACKGROUND OF THE DISCUSSIONS PRIME MINISTER MORARJI DESAI HAD WITH
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THE CARTER ADMINISTRATION DURING HIS RECENT VISIT TO THAT COUNTRY. ACCORDING TO OFFICIALS ACCOMPANYING THE PRIME MINISTER, DURING HIS TALKS ON INDO-US TRADE MR. DESAI HAD SPECIALLY MENTIONED TEXTILES AND ENGINEERING PRODUCTS AND THE GROWING PROTECTIONIST ATTITUDE OF THE US TOWARDS THESE GOODS..."

4. "MR. DESAI, IT SEEMS, HAD BEEN ABLE TO CONVINCE THE US ADMINISTRATION ABOUT INDIA'S STAND. THE US, IT IS BELIEVED, HAD FAVORABLY RESPONDED TO THE ARGUMENTS AND PROMISED TO HELP AT LEAST IN THE CASE OF TEXTILES. BUT THE CURRENT PROPOSAL GIVES ONE AN IMPRESSION THAT THE US ADMINISTRATION IS KEEN TO BRING BACK HANDLOOMS UNDER QUOTAS..."

5. "AN ACCEPTANCE (OF THE US PROPOSAL) WOULD MEAN A RETROGRADE STEP. IT WAS ONLY AFTER A LOT OF PERSONAL EFFORT ON THE PART OF COMMERCE MINISTER MOHAN DHARIA THAT THE US HAD AGREED TO GRANT QUOTA FREE STATUS TO HANDLOOMS. ITS PLEASE EVEN TO THE EEC NATIONS HAS BEEN TO GRANT SUCH A STATUS TO HANDLOOMS AS THEY ARE AN IMPORTANT MEANS OF LIVELIHOOD FOR PEOPLE IN THE RURAL AREAS AFTER AGRICULTURE."

6. ARTICLE CONCLUDES WITH DESCRIPTION OF STAMPING ERRORS WHICH LED UP TO PRESENT PROBLEM.
GOHEEN

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Message Attributes

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